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Review of the efficiency of the administrative and financial functioning of the United Nations

Programme budget for the biennium 2000-2001

Review and assessment of the asbestos problem at the United Nations; facilities management; overseas properties management and information exchange network; common services; internal and external printing practices; and proposed measures to improve the profitability of commercial activities

Second report of the advisory committee on administrative and budgetary questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General entitled "Review and assessment of the asbestos problem at the United Nations and management of asbestos-containing materials at overseas buildings at Geneva, Vienna, Nairobi and at the locations of the regional commissions" (A/55/135), "Facilities management" (A/54/628), "Overseas Properties Management and Information Exchange Network: a globally coordinated collaborated approach to facilities management" (A/55/210), "Common services" (A/55/461), "Internal and external printing practices of the Organization" (A/55/132) and "Proposed measures to improve the profitability of the commercial activities of the United Nations" (A/55/546). During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarifications.

Review and assessment of the asbestos problem

2. The report of the Secretary-General (A/55/135) provides an assessment of the existing conditions with regard to asbestos-containing materials at United Nations buildings located in Geneva, Vienna, Nairobi and at regional commission buildings in Addis Ababa, Bangkok, Beirut and Santiago. The report includes a review of measures and procedures being followed to avoid any harmful effects of such materials on the health of staff members, delegates and other persons working in and visiting the buildings.

3. The Secretary-General indicates in paragraph 18 of the report that asbestos-containing materials were used only in limited quantities in buildings for the United Nations Office at Geneva and that almost all the asbestos-containing materials have been removed, except for small amounts of fireproofing material,

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which is fully encapsulated and poses no risk to the occupants. Accordingly, no additional funds or resources are required for the management of the asbestos problem at the United Nations Office at Geneva.

4. The asbestos problem at United Nations Office at Vienna is described in paragraphs 19 to 27 of the Secretary-General's report. As indicated in paragraph 19, asbestos-containing materials were widely used in the steel structure ceilings, walls, partitions and other areas of the United Nations Office at Vienna buildings as acoustic, fireproofing and insulation covering. Use of such materials was permitted in Austria up until 1979. Since all buildings were constructed prior to 1979, there were no restrictions governing the use of asbestos-containing materials during the design and construction phase.

5. The Advisory Committee notes from paragraph 23 of the same report that, more than 10 years ago, the Buildings Management Service at the United Nations Office at Vienna started a programme of regular inspections and encapsulation of asbestos surfaces so as to prevent asbestos fibres becoming airborne and that periodic monitoring of air quality has confirmed the fibre count to be well below the safe threshold value in all buildings at the United Nations Office at Vienna.

6. The Committee notes the conclusion in paragraph 27 of the report that a long-term master plan for the removal of asbestos in the Vienna International Centre is under development and that associated processes and costs are under discussions between the United Nations and the Austrian Government. **The Committee intends to review the asbestos problem at the United Nations Office at Vienna as appropriate and inform the General Assembly accordingly.**

7. As stated in paragraph 28 of the Secretary-General's report, the buildings at the United Nations Office at Nairobi complex do not contain any asbestos. There is therefore no asbestos problem there.

8. The Secretary-General indicates in paragraph 29 of his report that, during the construction of the Economic Commission for Africa (ECA) headquarters at Addis Ababa, a material containing asbestos was used on a relatively small scale. **The Committee is concerned that no tests have been performed, to date, to determine the type of asbestos-containing materials at ECA;** at the same time the Committee notes that a programme of bulk samples testing to determine the extent of the asbestos problem is being developed in coordination with United Nations Headquarters for use commencing in 2001 and thereafter (see para. 30 of the report). The Committee welcomes the statement in paragraph 32 of the report that, in the absence of regulations issued by the local authorities regarding asbestos monitoring, control, testing, removal and disposal guidelines would be developed and used for ECA offices in coordination with United Nations Headquarters along the lines of codes, standards and guidelines used in the United States of America and Europe. The Committee also notes from paragraph 33 of the report that a programme of regular indoor air quality testing with regard to fibre count is being developed in coordination with United Nations Headquarters for use commencing in 2001 and thereafter.

9. With regard to the asbestos problem at the Economic Commission for Latin America and the Caribbean (ECLAC), the Secretary-General indicates in paragraph 40 of his report that approximately $250,000 was budgeted in the biennium 2000-2001 for the replacement of all existing asbestos-containing wall partitions with new asbestos-free wall partitions and that, after completion of the project, there will no longer be any asbestos-containing materials at ECLAC headquarters and hence, no additional resources will be required.

10. According to the Secretary-General, the facilities at the Economic and Social Commission for Asia and the Pacific (ESCAP) fully comply with local and international standards with regard to asbestos-containing materials; asbestos that was used as a binding material in vinyl tiles is considered fully encapsulated and non-friable, the rules and regulations do not require removal of such tiles except when they become damaged or a renovation of the affected area is undertaken. The Committee notes that ESCAP plans to replace asbestos-containing vinyl tiles in a phased manner over a six-year period, commencing in the biennium 2002-2003, for an estimated total cost of $400,000 to be spread over the six years; after completion of the above-mentioned replacement project, ESCAP facilities will be free of asbestos-containing materials (see para. 48 of the report).

11. The Secretary-General reports in paragraph 50 of his report contained in document A/55/135, that the Economic and Social Commission for Western Asia

(ESCWA) headquarters complex, including facilities for United Nations agencies and other international organizations, does not contain any asbestos material and that, therefore, there is no asbestos problem there.

12. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General contained in document A/55/135.**

Facilities management

13. The report of the Secretary-General on facilities management (A/54/628) provides an update on the principal properties occupied by the United Nations worldwide since the previous two reports to the General Assembly on the issue (A/45/796 and A/50/676). The report also attempts to respond to the recommendations of the Advisory Committee made in the context of its review of the proposed programme budgets for the bienniums 1996-1997 and 2000-2001 that Headquarters maintain a coordinating role in an overview of all United Nations facilities with regard to their physical condition, property valuation, sharing of mutual experiences, knowledge of facilities-related contracts, efficiency measures and maintenance and alterations/improvements and that the Secretary-General indicate the value of United Nations-owned buildings and submit a comparison between the United Nations and normal standards for the cost of maintenance vis-à-vis the value of buildings. In his report, the Secretary-General also sets out the implications for long-range major maintenance and the modernization of the existing buildings. **The Advisory Committee welcomes the report of the Secretary-General and his efforts in exploring the ways and means of coordinating a common approach to the management of United Nations buildings and land of a total estimated value of approximately $5,186,900,000.**

14. The Advisory Committee has analysed the approach towards the coordinating role of Headquarters in the overview of all United Nations facilities outlined in paragraphs 5 to 10 of document A/54/628. **The Committee agrees with the Secretary-General's approach.** The Committee notes that the Office of Central Support Services will provide a coordinating role for monitoring, information exchange and policy dissemination with respect to locations outside Headquarters in collaboration with an Organization-wide team of designated Professionals as focal points from each duty station. To fulfil this function, the Office of Central Support Services at United Nations Headquarters will develop, in close collaboration with the administrations at other duty stations, an integrated and systematic Organization-wide policy and an administrative, procurement and budget information exchange programme, with the objectives of: (a) developing a common framework for the property values; (b) assessing relative operational and maintenance costs; and (c) assessing energy costs.

15. Paragraphs 23 to 27 of the report provide information on guidelines for adequate financial resources for preventive maintenance. **The Committee shares the view of the Secretary-General set out in paragraph 23 that the postponement, due to lack of resources, of preventive maintenance often increases the overall need for resources in order to take care of emergency repairs at a later date. In this connection, the Committee draws attention to the information contained in paragraphs 24 and 25 of the Secretary-General's report which, in the view of the Committee demonstrates that the current effective level for major maintenance expenditures at United Nations-owned buildings is well below the minimum recommended industry standards.**

16. According to the Secretary-General, the annual rate for major maintenance expenditures on United Nations buildings in the regular programme budget for the biennium 2000-2001 was only .88 per cent, based on the proposed biennium appropriation of $32.5 million, compared with the industry guidelines of a minimum of 2 per cent per annum and the recommended target rate of 3 per cent per annum. Furthermore, the Secretary-General indicates in paragraph 26 that, given the current minimal level of funding, it would not be unreasonable to establish as a minimum target at least a 3.2 times increase in the combined annual expenditure by all parties for major maintenance on these buildings for the next biennium.

17. The Advisory Committee shares the view of the Secretary-General in paragraph 27 of his report that "budget planning on the basis of guideline rates is not a substitute for careful analysis of the specific needs and maintenance requirements of each individual facility. However, a global maintenance budget that is substantially and consistently below the guideline rate is clear evidence of chronic under-budgeting and is a signal of potential future problems". In this connection, the Advisory Committee recalls its observation in

paragraph 23 of its first report[1] that there is a limit to which support services can be reduced without negatively impacting on programme implementation. Furthermore, in some cases, a reduction in support services may lead to the necessity for greater expenditure in the future. Prime examples of this are the constant reductions in spending for buildings maintenance at United Nations Headquarters and the United Nations Educational, Scientific and Cultural Organization (UNESCO), with the result that the cost of asset rehabilitation is now almost prohibitive. The Committee was informed that the cost of rehabilitation of UNESCO headquarters would be more than $400 million. For United Nations Headquarters, it would be over $1 billion.

18. Part III, paragraphs 30 to 36 of the report of the Secretary-General describes the programme strategy for improvements in administrative and financial efficiency. The Advisory Committee notes that the Secretary-General recognizes that a more focused, integrated approach must be adopted for facilities management and steps must be taken to improve coordination under this subprogramme. **The Committee intends to review in due course the activities of the subprogramme that will be fully detailed in the capital master plan and proposed programme budget for the biennium 2002-2003; the Committee will submit its recommendations to the General Assembly accordingly.**

19. **The Advisory Committee welcomes the measures that the Secretary-General intends to take to support information technology (paras. 32 and 33) and technical facilities support for administrations (para. 34), as well as activities to facilitate coordination and programme preparation (para. 35).**

20. **Taking into account its comments and observations above, the Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General on facilities management (A/54/628).**

Overseas properties management and information exchange network

21. The report of the Secretary-General on the overseas properties management and information exchange network (A/55/210) contains a substantial amount of information included in the Secretary-General's report on facilities management (A/54/628) and also addresses the recommendation of the Advisory Committee that Headquarters maintain a coordinating role for an overview of all United Nations facilities with regard to their physical condition, property valuations, facilities-related contracts, efficiency measures, maintenance and alterations/improvement projects and environmental concerns. The Secretary-General states in the summary of the report (A/55/210) that, in order to facilitate such coordination of common concerns related to facilities management, the Office of Central Support Services at United Nations Headquarters is proposing an Organization-wide collaborative team of Professionals from each duty station, called the "Overseas Properties Management Information Exchange Network". The purpose of such a collaborative team would be to regularly network and exchange information on best practices, common approaches and policy directives that would enhance the safety, reliability, efficiency and operations of the facilities while integrating into the buildings' infrastructure the evolving technological innovations. The functions and membership of the network are indicated, accordingly, in paragraphs 22 and 23 of the report. **The Committee stresses the importance of building up reliable and comprehensive databases in all major areas of facilities management. The Committee is also of the view that the membership of the overseas properties management information exchange network should be organized in such a way as to ensure its efficiency.**

22. The Committee notes the statement in paragraph 24 of the report (A/55/210) that all resources required to support the overseas properties management information exchange network at United Nations Headquarters and at each of the duty stations and funds and programmes will be included in their respective regular budgets, that no separate centralized funding is envisioned and that the matter may be reviewed for any special large construction projects that may fall under the review and management of the network.

23. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General (A/55/210).**

Common services

24. The Secretary-General indicates in the summary of his report on common services (A/55/461) that, following the announcement of the reform measures in March 1997, the Task Force on Common Services was launched in New York under the convenership of the Assistant Secretary-General for Central Support Services, in his capacity as Executive Coordinator for Common Services, with the participation of departments from the Secretariat and the United Nations funds and programmes, including the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the United Nations Office for Project Services (UNOPS), the World Food Programme (WFP) and the Office of the United Nations High Commissioner for Refugees (UNHCR). Eleven working groups were initially established comprising legal services, financial (treasury) services, procurement services, printing services, facilities management, travel and transport services, archives and records management, security and safety services, personnel services, the Integrated Management Information System (IMIS) and information technology and telecommunications.

25. The responsibilities of the Common Services Task Force are listed in paragraph 9 of the Secretary-General's report. In the opinion of the Secretary-General, considerable progress has been made over the last three and a half years in procurement, travel and transport services, human resources and IMIS; the Task Force has decided to establish a two-year project for a Common Services Support Unit to be attached to the Executive Coordinator, to be jointly financed by the Secretariat (40 per cent) and UNDP, UNICEF, UNFPA and UNOPS (together, 60 per cent).

26. The conceptual framework for common services is set out in paragraphs 11 to 14 of the report. **The Committee stresses the importance of the statement in paragraph 14 of the report that "in view of the considerable diversity in the procedures and approaches between the Secretariat and the funds and programmes, it is highly desirable to attempt to harmonize regulations, rules and procedures among the participating organizations to the maximum extent possible. This will provide a sound foundation for common services arrangements".**

27. Information on the common services working groups is contained in paragraphs 15 to 20 of the report. The Advisory Committee notes that the Task Force discontinued the technical working group on legal services in view of the ongoing service provider/user arrangement between the Secretariat and the funds and programmes. Similarly, the working group on safety and security was discontinued because it was concluded that it had reviewed a purely central service function. The Committee also notes from paragraph 19 of the report that, while some working groups performed well and achieved results, no notable progress was made in the working groups on facilities management, information technology and telecommunications and printing services. **The Advisory Committee is disappointed that the report does not contain analysis on the unsatisfactory performance of those working groups and notes with concern that the working groups with unsatisfactory performance will be discontinued (see paras. 45, 49 and 65 of the report of the Secretary-General).**

28. **The Advisory Committee is not convinced that the decision to discontinue the working groups on facilities management, information technology and telecommunications and printing services is fully justified. The Committee is of the view that there is nothing to prevent the three working groups from being at least as productive as the other working groups of the Task Force on Common Services and not to contribute successfully to improving the efficiency of common services in their related areas of responsibility.** The Committee points out the Secretary-General's statement, in paragraph 69 of his report that experience has shown that success has been achieved in those working groups with good leadership and active participation. **The Committee also stresses that there are still many unresolved issues of common interest in the areas of facilities management, printing and information technology that can only be successfully pursued by joint efforts for which the working groups appear to be quite an appropriate forum.** In this connection, the Advisory Committee recalls its observation that printing is an area that should be given priority in developing common facilities[2] and its recommendation for a long-term coordinated strategy to achieve greater efficiency and effectiveness through technological innovation, not only in the United Nations but throughout the United Nations system.[3]

29. The proposed actions submitted for consideration by the General Assembly are reflected in paragraphs 71 and 72 of the Secretary-General's report. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General (A/55/461) and that it request the Secretary-General to report to it at its fifty-seventh session in 2002 on the progress made and decisions taken on the future of the Task Force on Common Services, bearing in mind the comments and observations of the Committee in the paragraphs above.**

External and internal printing practices of the Organization

30. According to the Secretary-General, his report on internal and external printing practices of the Organization (A/55/132) should be read together with his interim report on the matter contained in document A/C.5/54/18. The report contained in document A/55/132 provides essentially quantitative information on: (a) the total cost of operating all printing facilities in New York and Geneva; (b) the capacity of all the plants; (c) the printing workload of the organizations; (d) the printing programme that is contracted out; (e) comparative costs for in-house and external printing; (f) measures taken to achieve economies of scale, including through the development of common services; (g) measures taken to ensure that outputs are measured in the same way throughout the system; and (h) the potential for reducing the budget for printing as a result of reductions in hard-copy output.

31. The Advisory Committee inquired into what appears to be a discrepancy between an increase in internal printing costs for Headquarters for the biennium 1998-1999, compared to the biennium 1996-1997 (see table 1 of the report), and a decrease in the printing workload during the same period (see para. 8 of the report). The Secretariat clarified that both internal printing costs (table 1) and internal output measured in page impressions (para. 8) have decreased over the last three bienniums. According to the information received, the decrease in output, however, has been more pronounced than the decrease in costs, owing to several reasons. Typical print runs, for example, have been reduced in order to save paper and to take advantage of electronic means of archiving and dissemination. The reduction of the average print run, however, results in higher costs per copy, or page impression, because the proportion of the total cost of each particular job accounted for by pre-press work, make-ready time and other "fixed" components increases. Average unit costs also increase when high print runs of technically simple materials become less predominant in the total output and are replaced by more complex products which require a significantly higher level of labour per page impression. In addition, certain staff-related costs, in particular overtime, are more directly linked to the need to maintain processing capacity and to meet processing deadlines than to specific levels of physical outputs.

32. In the course of its consideration of the report of the Secretary-General on printing, the Advisory Committee was informed that the Secretariat had purchased a computerized costing system which would significantly facilitate costing of printing and make it much more precise and elaborate. The system ("Printpak"), which is now installed both at Headquarters and at the United Nations Office at Geneva, is an off-the-shelf cost estimating system for the printing industry. It provides the cost of individual jobs, based on their respective technical specifications, materials and staff time required, plus a discretionary percentage covering indirect costs.

33. The Committee notes from paragraph 14 of the report that information on the technical means available in the United Nations Reproduction Section and samples of its products were provided to the relevant procurement and printing units of UNICEF, UNDP, UNFPA and UNOPS in the context of the activities of the inter-agency Task Force on Common Services; in addition a video presentation was made to senior managers of the funds and programmes and cost estimates were submitted in response to requests for proposals. Information on the printing facilities and printing requirements of UNICEF, UNDP and UNFPA is contained in paragraphs 24 to 32 of the Secretary-General's report.

34. The Advisory Committee was informed of a lack of interest on the part of United Nations funds and programmes in using the printing facilities available at United Nations Headquarters. The Committee was also informed that the United Nations printing facilities can produce a large variety of printing materials for the United Nations funds and programmes efficiently and at very competitive costs. In paragraph 15 of his report, the Secretary-General provides the reasons for which

the United Nations funds and programmes are reluctant to resort to the United Nations printing facilities at Headquarters, namely, technical complexity of publications, production deadlines, lack of technical capacity and cost considerations. **The Committee urges the Secretary-General to continue the efforts to make the United Nations printing services an attractive option for the printing requirements of the funds and programmes. Similarly, it urges the funds and programmes not to arbitrarily rule out recourse to United Nations printing facilities.**

35. The Advisory Committee notes a greater reduction (about 33 per cent) in printing costs achieved at the United Nations Office at Geneva during the last three bienniums, compared to a reduction in printing workload for the same period (about 25 per cent). According to the explanation provided in paragraphs 23 and 12 of the report, the cost-reduction results essentially from the introduction of streamlining measures, such as reduction in print runs, use of compact layouts that save paper and gradual replacement of external typesetting by internal desktop publishing and of external reproduction by internal reproduction.

36. Information on the printing facilities of the specialized agencies based in Geneva (the International Labour Organization (ILO), the World Health Organization (WHO), the International Telecommunication Union (ITU), the World Meteorological Organization (WMO), the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO)) is contained in paragraphs 33 to 39 of the report. In addition, the Committee was informed, upon enquiry, that among the specialized agencies based in Geneva, only ITU has the capacity to print sophisticated publications in colour. Nevertheless, it continues to outsource. The other agencies do not have such a capacity and outsource all of their colour publications.

37. As can be seen from the annex to the report, external printing costs for some United Nations entities, including specialized agencies (WHO and ILO), reflect significant expenses (based on 1999 data) and exceed the cost of external printing for United Nations Headquarters. **In this connection, the Advisory Committee observes that the annex to the report could have been more useful had it contained complete and comparable data. The Committee also requests that it be kept informed about the measures taken to improve the in-house publishing capacities of the United Nations Office at Geneva so that they could increasingly be used by the United Nations specialized agencies located in Geneva for their publishing needs. In this connection, the Committee is of the opinion that it would be desirable to have an independent technical evaluation of printing practices at the United Nations Office at Geneva, including costs of internal printing and outsourcing (external printing).**

38. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General (A/55/132), bearing in mind the comments and observations of the Advisory Committee contained in the paragraphs above.**

Proposed measures to improve the profitability of the commercial activities

39. According to the Secretary-General, his report on proposed measures to improve the profitability of the commercial activities (A/55/546) should be reviewed in conjunction with his forthcoming report on a proposed new visitors' experience, which will be submitted shortly. **Accordingly, the Advisory Committee intends to revert to the matter, as appropriate.**

Notes

[1] *Official Records of the General Assembly, Fifty-fourth session, Supplement No. 7* (A/54/7).

[2] Ibid., para. VIII.58.

[3] Ibid., chap. I, para. 83.